

# Marshall plan assignment

[History](#)



The plan was named after its founder Secretary of State George Marshall. Other creators of the Marshall Plan were State Department officials William L. Clayton and George F. Keenan. Marshall first spoke about the need to help the European recovery in his address at Harvard University in 5 June 1947. After the end Of the World War II European countries were devastated, damaged and suffered much. Economy of Europe was decreased very much. So Europe had not capability to rebuild European condition itself. Nevertheless Europe tried to rebuild itself. But it had not enough power to do it.

So recovering was very slowly. USA saw this condition of Europe and decided to help European countries. US Secretary of State George Marshall gave a speech at Harvard University telling about American plan to help European recovery. Marshall was assured that economic stability would provide also political stability in Europe. He offered aid, but the European countries had to organize the program themselves. USA just will help giving them money to recover. The plan was announced to almost all European countries. On July 12, 1947 representatives of 16 European countries met in Paris to come to an agreement.

These 16 countries were Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom, and western Germany. They were to determine what they would take form the American aid, and how to divide it between them. The negotiations were long and complex, with each country' having its own interests. European countries joined the Organization for European Economic Cooperation (EEOC). The European Recovery

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Program was signed into law by President Harry S. Truman on April 3, 1948. Then the U. S.

Congress authorized the establishment of the Program. Also Truman signed the Economic Cooperation Act into law on April 3, 1948. The Act established the Economic Cooperation Administration (ACE) to administer the program. After this day the Program started its work. The first aid was given to Greece and Turkey in January 1947. They were at the front line of the battle against communist expansion, and already received aid under the Truman Doctrine. At first Britain had supported the anti-communist groups in those countries, but due to its bad economic condition it decided to pull out and in February 1947 asked the U.

S. To continue its attempt. The Sea's official mission was to give a support to the European economy. O promote European production, to maintain European currency, and to promote international trade, especially with the United States, whose economic interest required Europe to become wealthy enough to import US goods. Another unofficial goal of ACE and of the Marshall Plan was to prevent of growing Soviet influence in Europe, especially in such countries as Czechoslovakia, France, and Italy where strength of communist parties was growing.

The Marshall Plan money was transferred to the governments of the European countries. The funds were jointly divided by the local governments and the ACE. Each European capital had an ACE novo, generally a known American businessman, who would advise on the process. The cooperative distribution of funds was encouraged, and panels of government, business,

and labor leaders were called to examine the economy and see where aid was needed. The Marshall Plan aid was mostly used for the purchase of goods from the United States.

The European countries had all but exhausted their foreign exchange reserves during the war, and the Marshall Plan aid represented almost their only way of importing goods from abroad. At the start of the plan these imports were mainly much-needed main goods such as food and fuel, but later the researches turned towards reconstruction needs as was originally intended. In the late years, under pressure from the United States Congress and with the start of the Korean War, an increasing amount of the aid was spent on rebuilding the militaries of Western Europe. Of the some \$ 13 billion allotted by mid-1951 \$3. Billion had been spent on imports of raw materials and semi-manufactured products, \$3. 2 billion on food, feed, and fertilizer, \$1. 9 billion on machines, vehicles, and equipment, and \$1. 6 billion on fuel. Also there were established double funds, which used Marshall Plan aid to establish funds in the local currency. According to ACE rules 60% of these funds had to be invested in industry. This was seen in Germany, where these government-administered funds played a central role in lending money to private enterprises which would spend the money rebuilding. These funds played a central role in the reinterpretations of Germany.

In 1949-1950, for example, 40% of the investment in the German coal industry was by these funds. The companies were obligated to repay the loans to the government, and the money would then be lent out to another group of businesses. France made the largest use of counterpart funds, using them to reduce the budget deficit. In France, and most other countries, the <https://assignbuster.com/marshall-plan-assignment/>

double fund money was consumed into general government revenues. This program funded groups of European engineers and industrialists to visit the United States and tour mines, factories, and smelters.

Also they could copy the American advances at home. At that time several hundred American technical advisors were sent to Europe. The Marshall Plan aid was divided between the participant states on a nearly per capita basis. A larger amount was given to the major industrial powers. Also some aid per capita was directed towards the Allied nations, with less for those that had been part of the Axis or minded neutral. The Marshall plan consisted of aid both in the form of grants and in the form of loans. Out of the total, 1. 2 billion USED were loan- aid.

Ireland which received 146. 2 million USED from the Marshall plan, received 128. 2 million USED as loans, and the other 18 million USED as grants. The UK received 385 million USED of its Marshall plan aid in the form of loans. The Marshall Plan was initially scheduled to end in 1953. Any attempt to extend it was stopped by the growing cost of the Korean War and rearmament. The plan ended in 1951, though various other forms of American aid to Europe continued afterwards. The years between 1948 and 1952 were the fastest period of growth in European history.

Industrial production increased by 35%. Agricultural production really exceeded pre-war levels. The poverty and hunger of the immediate postwar years disappeared, and Western Europe started upon an unprecedented two decades of growth that saw standards of living increase dramatically. There is some debate between historians over how much this should be credited to

the Marshall Plan. Most refused the idea that it alone revived Europe, as evidence shows that a general recovery was already underway. Most believe that the Marshall Plan hurried this recovery, but it did not initiate it.

The United States worked to direct the Marshall Plan towards children and an increase of nutritious material for all citizens within Western Europe so as to spread a positive light on its goals as it worked to effectively defeat communist threats. One effect of the plan was that it “Americanizes” countries, especially Austria, who embraced United States’ assistance, through popular culture. The political effects of the Marshall Plan may have been just as important as the economic effects. Marshall Plan aid allowed the nations of Western Europe to relax restraint measures and cantoning, reducing discontent and bringing political stability.

The communist influence on Western Europe was greatly reduced. The trade relations promoted by the Marshall Plan helped emerge the North Atlantic alliance that would continue throughout the Cold War. At the same time, the nonparticipating of the states of Eastern Europe was one of the main clear features that the continent was now divided. Also the Marshall Plan played an important role in European integration. Both the Americans and many of the European leaders felt that European integration was necessary to secure the peace and development of Europe, and thus used Marshall Plan guidelines to promote integration.